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S E C R E T SECTION 01 OF 03 LAGOS 000210

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STATE PASS DOE FOR DAS JBRODMAN AND CGAY  
TREASURY FOR ASEVERENS AND SRENENDER  
COMMERCE FOR KBURRESS  
STATE PASS TRANSPORTATION FOR MARAD  
STATE PASS USAID FOR GWEYNAND AND SLAWAETZ  
STATE FOR DS/IP/AF, AF/EX, DS/IP/OPO, DS/ICI/PII, DS/DSS/ITA

E.O. 12958: DECL: 01/25/2016  
TAGS: [EPET](#) [PGOV](#) [ASEC](#) [PTER](#) [CASC](#) [NI](#)  
SUBJECT: CHEVRON NIGERIA ENJOYS UNEASY IMMUNITY FROM RECENT  
ATTACKS

Classified By: Ambassador John Campbell for Reasons 1.4 (D & E)

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Summary  
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11. (S/NF) Chevron Security Consultant Hamish MacDonald told U.S. Ambassador Campbell that Chevron has not been a target of recent violence and hostage-taking in the Delta but was concerned about the longer term ramifications. He identified job creation and sustainable development programs by state governments as the only means to stabilize the region. MacDonald believed current violence had impetus from top level government officials, including Vice President Atiku. He noted that state governors, like Delta's Ibori, had so far not been very effective in implementing long-term economic development plans, and so Chevron was looking for NGOs and private companies to get involved in this arena. End Summary.

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Militia Leader Claims Attacks Not Directed at Chevron;  
Chevron Credits Regional Development Councils  
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12. (C) In a conversation with the Ambassador on January 24, Chevron security consultant Hamish MacDonald said militants had passed over Chevron during recent attacks, even though its facilities near Escravos and the Benin River abut an Ijaw stronghold. Government Ekpemukpolo, militia leader and suspect in the recent hostage crisis, reportedly told MacDonald that Chevron was different from Shell, AGIP, and Total and would not be treated the same. While MacDonald felt these to be very positive signs that the present unrest was not "Chevron's fight," he also felt the urgency of the situation and the need to "reposition and re-examine projects" for feasibility. (Note. After his release, Pat Landry, the American recently taken hostage by Delta militants, repeatedly said his captors "hated Shell." End Note.)

13. (C) MacDonald credits his company's good relationship with communities for their present, albeit fragile, insulation from attacks. Chevron has established regional development councils (RDCs), comprised of community elders

and state government officials, within communities near their facilities. The councils distribute about \$20 million per year total, or \$2.5 million per community, to projects like the new pipeline surveillance program, a sort of Neighborhood Watch to alert authorities to incidents of bunkering and pipeline vandalism. MacDonald credits the program with success where other community watch programs have failed, because community and government leaders with a long-term stake in its success administer it. He says the company is successfully "leveraging" state government to play a more prominent role; the projects have created nearly 4,500 jobs in the Escravos area alone.

¶4. (C) MacDonald complained, however, Delta State Governor James Ibori has not delivered on his end of the deal. He cited a late November 2005 meeting in which Ibori authorized RDC money for a new police station, but noted Delta State has not broken ground or made any steps to implement a building plan. He observed, with some pressure from foreign governments, regional institutions like the Niger Delta Development Commission (NDDC), known for inefficiency and graft, could potentially evolve into effective vehicles for development.

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Chevron Plans to Increase Production, Restructure  
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¶5. (C) MacDonald said Chevron would continue to grow in Nigeria, increasing production from 55,000 to 90,000 barrels per day (BPD) from their Escravos facilities between the first and third quarters of 2006, and to 350,000 bpd in areas affected by the most recent upsurge in violence. For

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continued growth, MacDonald says Chevron will have to move quickly to incorporate more local content, eventually becoming a Nigerian firm with some international support and expertise.

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Bunkering Less Damaging Than Oil Theft  
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¶6. (C) In addition, Chevron is encouraged by a general drop in pipeline vandalizations, or "bunkering," since late November. According to MacDonald, oil companies lose up to 15,000 bpd to bunkering. He said bunkering is not as widespread or damaging as most believe. For example, Chevron found only two bunkering points in the swamp pipelines when they began to restore production in that area. "Oil theft," on the other hand, is a much larger issue, affecting up to 45,000 bpd. MacDonald defined oil theft as the manipulation of meters at a refinery or the immediate siphoning of large quantities of oil from source points. Oil theft affects the company's ability to produce and export oil and generally involves very high level political figures.

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Political Game Continues to Cause  
Instability in Run-up to 2007  
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¶7. (S/NF) MacDonald told us he believed Vice President Atiku was helping to instigate the current Delta unrest. He said that the Nigerian "political game" remained unchanged, and given Atiku's standing with the President, he would make matters as uncomfortable as possible for Obasanjo. He added if prolonged instability pushes the President to declare a state of emergency, a coup would be possible. He noted Bayelsa ex-Governor Alamieyeseigha's close connection with Atiku, and observed that present Bayelsa Governor Goodluck Jonathan was already a "lame duck," who had yet to form a cohesive state government. MacDonald believes Bayelsa would be a good starting place for the VP and his partisans to foment instability and cause problems for Obasanjo.

¶8. (S/NF) MacDonald said Chevron's largest concern is the GON losing patience and attempting to quell Delta unrest with massive military force. Any GON military action would cause serious problems for oil companies. Minister of State for Petroleum Resources, Daukoru, has already told Chevron the GON was losing its patience. He also noted that the Joint Task Force (JTF) had been repeatedly embarrassed in the region, and so could be expected to act more forcefully than in the past.

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Chevron Considers Private, Non-Governmental Solutions  
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¶9. (C) MacDonald said Chevron viewed Delta unrest as an "opportunity, not Armageddon." He said state governors, especially Delta's Ibori, could be effectively pressured into taking an active role in preventing the violence from spreading. However, Chevron is taking greater interest in funding NGO projects as a more promising and immediate avenue to job creation and long-term development in the area. Chevron is considering a grant of \$750,000 to NGO activist Judy Asuni's group over the next 3 years to implement several major projects.

¶10. (C) MacDonald felt that Transcorp, a large conglomerate recently formed by top Nigerian business leaders and politicians, could "kick start" development in the region through agriculture and refinery initiatives. Transcorp, he said, could serve as a vehicle through which other governments and corporations could invest in Niger Delta development.

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Comment

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¶11. (C) Chevron's security concerns are steadily increasing. MacDonald confirmed Chevron was taking seriously threats by the Ugborodo community against their Escravos facility. He had scheduled a meeting with Nigeria's Defense Intelligence Agency director for February 2, the day before attacks were threatened to begin, the anniversary of the invasion of their Escravos facility. While MacDonald was adamant in his belief that the current unrest was "not Chevron's fight," he also recognized that the present unrest in the Delta was troubling and could have serious implications for the future operations of oil companies in the region.

¶12. (U) This cable was cleared by Embassy Abuja.  
BROWNE